

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND  
Baltimore Division

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID K. MACARTHUR  
384 Forelands Rd.  
Annapolis, MD 21401  
(Anne Arundel County),

and

CATHERINE A. MACARTHUR  
384 Forelands Rd.  
Annapolis, MD 21401  
(Anne Arundel County),

and

KAI LAND, LLC  
1405 Forest Dr.  
Annapolis, MD 21403  
(Anne Arundel County),

Defendants.

Case No.

**COMPLAINT**

Plaintiff UNITED STATES OF AMERICA brings this action under 26 U.S.C. §§ 7401 and 7403, at the request of the Chief Counsel of the Internal Revenue Service (IRS), a delegate of the Secretary of the Treasury, and at the direction of the Attorney General of the United States to obtain judgments against Defendants David and Catherine MacArthur for unpaid federal

income tax liabilities for tax years 2010, 2011, 2012, 2014, and 2015; and to foreclose on the federal tax liens on (i) the residential real property located at 384 Forelands Rd., Annapolis, Maryland (Forelands Property) owned by Defendants David and Catherine MacArthur; and on (ii) the commercial real property located at 1405 Forest Dr., Annapolis, Maryland (Forest Property), owned by Defendant Kai Land, LLC., an alter ego of Defendants David and Catherine MacArthur.

### **JURISDICTION AND VENUE**

1. This Court has jurisdiction over this action under 28 U.S.C. §§ 1340, 1345 and 26 U.S.C. §§ 7402(a) and 7403.

2. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and 1396 because David and Catherine MacArthur reside in Anne Arundel County, Maryland and the subject real properties are also located in Anne Arundel County, Maryland.

### **PARTIES**

3. Plaintiff is the United States of America.

4. Defendant David A. MacArthur is a citizen of the United States of America, and the liabilities described below accrued while he was a resident of Maryland within this Court's jurisdiction.

5. Defendant Catherine T. MacArthur is a citizen of the United States of America, and the liabilities described below accrued while she was a resident of Maryland within this Court's jurisdiction.

6. Defendant Kai Land, LLC, an alter ego of David and Catherine MacArthur, owns the Forest Property.

**COUNT I****REDUCE TO JUDGMENT TAX ASSESSMENTS  
AGAINST DAVID AND CATHERINE MACARTHUR**

7. A delegate of the Secretary of the Treasury in the IRS assessed the following income tax liabilities against David and Catherine MacArthur based on federal income tax liabilities that the MacArthurs self-reported on their tax returns:

<b>Tax Period</b>	<b>Date of Assessment</b>	<b>Tax Assessed</b>	<b>Current Amount Due as of 2/13/2023</b>
2010	12/09/13	\$98,455	\$64,794
2011	12/09/13	\$218,463	\$311,542
2012	11/19/13	\$252,652	\$283,821
2014	12/23/19	\$68,300	\$55,960
2015	01/13/20	\$110,217	\$113,908
<b>TOTAL</b>			<b>\$765,231.00</b>

8. A delegate of the Secretary of the Treasury gave notice of the assessments to the MacArthurs and made a demand for payment.

9. Statutory additions, interest, and costs have been assessed, are accruing, and will continue to accrue on the assessments until the balance is paid in full.

10. Despite notice and demand for payment, the MacArthurs have neglected or refused to fully pay the assessments in Paragraph 7.

11. As of February 13, 2023, the balance of the unpaid liabilities described in Paragraph 7 is **\$765,231.00**, with interest and penalties that have accrued since then and will continue to accrue according to law until the balance is paid in full.

WHEREFORE, the United States of America respectfully requests that this Court adjudge and decree:

- A. That judgment be entered against Defendants David and Catherine MacArthur in favor of the United States for federal income tax liabilities for tax years 2010-2012 and 2014-2015 in the amount of **\$765,231.00** as of February 13, 2023, plus interest and penalties that have accrued since then and will continue to accrue as provided by law; and
- B. That the United States shall recover its costs in this action and be awarded such other and further relief as this Court deems just and proper.

**COUNT II**

**FORECLOSE FEDERAL TAX LIENS ON  
FORELANDS PROPERTY**

12. The United States incorporates by reference its allegations in paragraphs 1 through 11.

13. Federal tax liens arose by operation of law under Internal Revenue Code (IRC) Sections 6321 and 6322, and automatically attached to the MacArthurs' real and personal property, including to the Forelands Property, when the federal tax liabilities described above in Paragraph 7 were assessed against them. *See* 26 U.S.C. §§ 6321 and 6322.

14. The IRS filed Notice of Federal Tax Lien (NFTL) against the MacArthurs for the 2010, 2011, and 2012 tax assessments described above in Paragraph 7 in the real property records of Anne Arundel County, Maryland on August 23, 2019.

15. The IRS filed NFTL against the MacArthurs for the 2014 assessment described in Paragraph 7 in the real property records of Anne Arundel County, Maryland on January 14, 2020.

16. The IRS filed NFTL against the MacArthurs for the 2015 assessment described in Paragraph 7 in the real property records of Anne Arundel County, Maryland on August 11, 2020.

17. Defendants David and Catherine MacArthur own the Forelands Property as tenants by the entirety. The property is legally described in the attached Deed. *See Exhibit A*, Deed for 384 Foreland Rd.

18. The federal tax liens described above in Paragraphs 14-16 encumber the Forelands Property. Those liens should be foreclosed, and the Forelands Property sold at a judicial sale with the proceeds distributed to the United States in satisfaction of its tax liens and to other parties in accordance with the relative priority of their liens.

WHEREFORE, the United States of America prays:

- C. That the Court adjudge, determine, and decree that, regarding the unpaid tax liabilities assessed against David and Catherine MacArthur, the United States is the holder of valid and subsisting tax liens that encumber the Forelands Property; that the tax liens be foreclosed against the Forelands Property; and that the Forelands Property be sold according to law free and clear of any right, title, lien, claim, or interest of David and Catherine MacArthur or any other person; and
- D. That the Court adjudge, determine, and decree that the proceeds of the sale of the Forelands Property shall be distributed first to the costs of the sale and then to each lienholder according to their relative priority; and
- E. That the Forelands Property sale proceeds distributed to the United States shall be applied to the unpaid tax liabilities assessed against David and Catherine MacArthur as set forth in this Complaint; and

- F. That the United States shall recover its costs in this action and be awarded such other and further relief as this Court deems just and proper.

**COUNT III**

**FORECLOSE FEDERAL TAX LIENS ON  
FOREST PROPERTY**

19. The United States incorporates by reference its allegations in Paragraphs 1 through 18.
20. Defendant Kai Land, LLC is the owner of record for the Forest Property, which is legally described in the attached Deed. *See* Ex. B, Deed for 1405 Forest Dr.
21. Kai Land, LLC is an alter ego of David and Catherine MacArthur. Federal tax liens accordingly arose by operation of law under IRC §§ 6321 and 6322, and automatically attached to the Forest Property when the federal tax liabilities described above in Paragraph 7 were assessed against the MacArthurs. *See* 26 U.S.C. §§ 6321 and 6322.
22. In addition to the NFTLs described above in Paragraphs 14-16, the IRS also filed an NFTL against Kai Land, LLC as an alter ego of David and Catherine MacArthur for the assessments described in Paragraph 7 in the real property records of Anne Arundel County, Maryland on August 11, 2020.
23. The federal tax liens described above in Paragraphs 14-16 and 22 encumber the Forest Property. Those liens should be foreclosed, and the Forest Property sold at a judicial sale with the proceeds distributed to the United States in satisfaction of its tax liens and to other parties in accordance with the relative priority of their liens.

WHEREFORE, the United States of America respectfully requests that this Court  
adjudge and decree:

- G. That the Court adjudge, determine, and decree that, regarding the unpaid tax liabilities assessed against David and Catherine MacArthur, the United States is the holder of valid and subsisting tax liens that encumber the Forest Property; that the tax liens be foreclosed against the Forest Property; and that the Forest Property be sold according to law free and clear of any right, title, lien, claim, or interest of Kai Land, LLC, David and Catherine MacArthur, or any other person; and
- H. That the Court adjudge, determine, and decree that the proceeds of the sale of the Forest Property shall be distributed first to the costs of the sale and then according to each lienholder according to their relative priority; and
- I. That the Forest Property sale proceeds distributed to the United States shall be applied to the unpaid tax liabilities assessed against David and Catherine MacArthur as set forth in this Complaint; and
- J. That the United States shall recover its costs in this action and be awarded such other and further relief as this Court deems just and proper.

Dated: November 16, 2023

DAVID A. HUBBERT  
Deputy Assistant Attorney General

s/ Joycelyn S. Peyton  
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